

OLL 86- 0026
7 January 1986

HPSCI2

MEMORANDUM FOR: Chief, EPS
Attention:

VIA: Chief, OLL/Liaison Division

FROM:
Chief, House Branch/OLL

STAT

SUBJECT: Newspaper Article Linking Nicaraguan
Rebels to Drug Trafficking

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1. Mr. Tom Latimer, HPSCI Staff Director, has requested comments on the 27 December 1985 Washington Post article entitled "Nicaragua Rebels linked to Drug Trafficking.". Mr. Latimer would like Agency comments on the charge that the contras are receiving monies from drug trafficking. (Please note that this same request was received from Mr. Edward Levine, SSCI Staffer, and was forwarded to EPS on 6 January 1985.) A copy of the article is attached for your information.

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2. Please respond to this request by 14 January 1986.

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LD/OLL (7 Jan 86)

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Nicaragua Rebels Linked to Drug Trafficking

U.S. Investigators Say Contras Help Transport Cocaine in Costa Rica

By Brian Berger and Robert Parry

Associated Press

Nicaraguan rebels operating in northern Costa Rica have engaged in cocaine trafficking, in part to help finance their war against Nicaragua's leftist government, according to U.S. investigators and American volunteers who work with the rebels.

The smuggling operations included receiving planes at clandestine airstrips and slipping transport cocaine to other Costa Rican points for shipment to the United States, U.S. law enforcement officials and the volunteers said.

These sources, who refused to be identified by name, said the smuggling involves individuals from the largest of the U.S.-backed counterrevolutionary, or contra, groups, the Nicaraguan Democratic Force (FDN) and the Revolutionary Democratic Alliance (ARDE), as well as a splinter group known as M3.

An M3 leader, Sebastian Gonzalez Menzola, was indicted in Costa Rica for cocaine trafficking a year ago. No other contra leaders have been charged.

A new national intelligence estimate, a secret Central Intelligence Agency-prepared analysis on narcotics trafficking, alleges that one of ARDE's top commanders loyal to ARDE leader Eden Pastora used cocaine profits this year to buy a \$250,000 arms shipment and a helicopter, according to a U.S. government official in Washington. Pastora, and Levy Sanchez, a Miami-based spokesman for Pastora, denied that their groups participated in drug smuggling.

[Matamoros said the charges were a "dirty and repulsive insinuation against our movement that impugns our integrity and our morality."] Cornelius J. Dougherty, spokesman for the Drug Enforcement Administration, said the DEA is aware that drug traffickers use

airstrips in northern Costa Rica to transport cocaine, but has not examined the political affiliations of those involved. Dougherty said the DEA focuses its Latin American enforcement efforts on the cocaine-producing nations of South America, rather than on countries, such as Costa Rica, that are used in shipping the drugs to the United States.

Earlier this year, President Reagan accused the leftist government of Nicaragua of "exporting drugs to poison our youth" after a Nicaraguan government employee, Federico Vaughan, was indicted by a federal grand jury in Miami.

But Dougherty said DEA investigators are not sure whether Sandinista leaders were involved.

Rep. Samuel Gejdenson (D-Conn.), a member of the House Foreign Affairs Committee, called on the administration last week to investigate the allegations "with the same vigor that they would devote to charges of left-wing drug trafficking."

"After all, the victims of narcotics smuggling are not able to differentiate between left-wing and right-wing cocaine," he said.

State Department deputy spokesman Charles E. Redman said the United States "actively opposes drug trafficking" and that the DEA is not conducting any investigation of the charges.

"We are not aware of any evidence to support those charges," Redman added.

The U.S.-backed rebels, fighting to overthrow the Nicaraguan government, operate from base camps in Honduras to Nicaragua's north and from Costa Rica to its south.

Contra leaders claim a combined force of 20,000 men, although some U.S. officials say the actual number is much lower. The Costa Rica-based rebel groups are smaller and more poorly financed than those in Honduras.

Associated Press reporters interviewed officials from the DEA, the Customs Ser-

vice, Federal Bureau of Investigation and Costa Rica's Public Security Ministry, as well as rebels and Americans who work with them. The sources, inside government and out, spoke on condition that they not be identified by name.

Five American rebel supporters said they were willing to talk about the drug smuggling because they feared the trafficking would discredit the war effort.

The five—including four who trained rebels in Costa Rican base camps—said they discovered the contra smuggling involvement early this year, after Cuban

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—Rep. Samuel Gejdenson

Americans were recruited to help the Honduran-based FDN open a Costa Rican front.

These American rebel backers said two Cuban Americans used armed rebel troops to guard cocaine at clandestine airfields in northern Costa Rica.

They identified the Cuban Americans as members of the 2506 Brigade, an anti-Castro group that participated in the 1961 Bay of Pigs attack on Cuba. Several also said they supplied information about the smuggling to U.S. investigators.

(One American rebel backer with close ties to the Cuban-American smugglers said that in one ongoing operation the cocaine is unloaded from planes at rebel airstrips and taken to an Atlantic Coast port where it is concealed on shrimp boats that are later unloaded in the Miami area.)

traffic from Colombia through Central America to the United States said they began receiving reports about contra involvement in cocaine shipments in 1984, about the time Congress cut off CIA funding to the rebels. Each official said he considered the reports "reliable."

Earlier this year, a Nicaraguan rebel leader in Costa Rica told U.S. authorities that his group was being paid \$50,000 by Colombian traffickers for help with a 100-kilo cocaine shipment and that the money would go "for the cause" of fighting the Nicaraguan government, one U.S. law enforcement official said.

The plan called for the rebels to guard a clandestine airstrip where a cocaine-laden plane from Colombia would land. The rebels would then take the drugs to a slash house in "San Jose," where they were to guard it for three days until it was picked up, the investigator said.

The rebel leader asked for \$50,000 from the U.S. Embassy in exchange for turning in the Colombian smugglers. The deal was rejected, the investigator said, adding that the smuggling arrangement was later completed without arrests.

M3 leader Gonzalez, known as "Guachan," was charged with cocaine trafficking on Nov. 26, 1984, by Costa Rican authorities in the northern town of Liberia.

The indictment describes Gonzalez as "el maximo dirigente"—or top leader—of M3, part of the ARDE political coalition. Instead of facing the charge, Gonzalez fled to Panama.

A U.S. investigator said Dr. Hugo Spadafora, a former Panamanian deputy health minister who fought with the Nicaraguan rebels, met secretly with a senior American law enforcement official in early September and outlined allegations linking contra drug trafficking and Gonzalez to a prominent Panamanian official.

After announcing plans to publicize those charges, Spadafora was seized on Sept. 13 by Panamanian soldiers as he crossed the border by bus from Costa Rica, according to eyewitnesses.

Spadafora's headless body was found inside Costa Rica in a mail bag a day later.